CORPORATE SOCIAL RESPONSIBILITY AND EDUCATION SECTOR: ISSUES AND REMEDIES

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ABSTRACT

Today, education faces the rising challenges of standardized testing, strained budgets, teacher retention, and global workforce competition. Businesses have begun to take a more targeted approach in their corporate social responsibility programs and are seeking to impact areas that have a correlation with their own business goals. For many businesses, education is an important part of their plans, since the needs exist in all geographic areas, across all subject areas, and for all kinds of people. Higher educational institutions in the Marathwada seek to get quality and talented students. For the perception of higher educational institutions as quality institutions, it is essential that they behave in a socially responsible manner. Corporate social responsibility (CSR) is one of the useful tools to positively affect society and develop relationships with stakeholders. So this paper explains prospects and challenges on both the social and corporate managerial perspective. This study tries investigates the role of educational institutions to surpass the CSR for creating best human capital and also explores the significances of CSR for promoting education and various initiatives of companies in education sector as a corporate responsibility to expansion education.

Key words: Corporate social responsibility, higher education, issues, strategies

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1. INTRODUCTION

Corporate Social Responsibility (CSR) is becoming an increasingly important activity to businesses nationally and internationally. It ensures the success of a business by the inclusion of social and environmental considerations into a company's operations as a positive contribution to society. The success of a company can be made possible only when the interests of all involved stakeholders are met. One of the most important stakeholders in this system is the society in which the company operates. Over the past few decades, there has been an increasing interest and emphasis on the concept of CSR in the society.

In order to promote economic and industrial development in a country, the essential requirement is the capacity to develop skilled manpower of good quality in adequate number. According to population projections based on the 2011 census was released on 31 March 2011 (and was updated on 20 May 2013

out of 1,210,854,977 nearly144 million of India's population will be between the age-group 18 to 23-the target age group for Higher Education. CSR program is an essential element in achieving good business practices and effective leadership. Companies have determined that their impact on the economic, social and environmental landscape directly affects their relationships with stakeholders.

The awareness of the importance of education and literacy is commonly seen among governments and international organizations, who are primary holders of this responsibility. Almost all national governments have the ministry of education which is responsible for integrating national resources to promote education for the good of the public. Besides, governmental departments, multiple NGOs (non-government organizations) are dedicated to the improvement of education, particularly across countries" boarders. One such example, perhaps one of the most globally influential ones, is the UNESCO (United Nations Educational, Scientific and Cultural Organization), which aims to empower the future generation by improving the presence and quality of education. The UNESCO takes a clear position to gap the imbalance between developed countries and developing countries, as well as between genders.

Further, with the passage of much awaited Companies Act India has become one of the few countries in the world to have a statutory provision on Corporate Social Responsibility (CSR). The Act provides mandatory contribution towards CSR with education being specified as an eligible activity. The education sector (including higher education) is expected to be a major beneficiary of this mandatory CSR provision resulting in improved funding for the institutions

2. WHAT IS CORPORATE SOCIAL RESPONSIBILITY?

Corporate social responsibility, often abbreviated "CSR," is a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. The term generally applies to efforts that go beyond what may be required by regulators or environmental protection groups. CSR may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

The Pyramid of CSR

Philanthropic (Be a good corporate citizen) — Contribute resources to the community, improve quality of life

Ethical (Be ethical) — Obligation to do what is right, just and fair

Legal (Obey the law) — Law is society's codification of right and wrong

Economic (Be profitable) — The foundation upon which all others rest

Overview of Corporate Social Responsibility
By: S. Ravi, FCA

Source: Overview of Corporate Social Responsibility Presentation by : S. Ravi, FCA

3. REVIEW OF LITERATURE

CSR is a continuous and long-term process guided by organizational and personal values. It is concerned with people (as stakeholders), the environment and organizational policies, and is influenced by political concerns. Adoption of CSR is often associated with monetary gain or profit for the initiator´ (Isa, 2012:

335). ´Baron (2007) supported that corporate social responsibility has become an important part in the business strategy of a growing number of companies worldwide, since the performance of a business organization is affected by their strategies in the market, as well as non-market environments´ (In Mustafa, Othman and Perumal, 2012: 898). The idea of CSR has been around for a long time, beginning with the work of writers such as Bowen (1953 – cited by many as the „father" of CSR) when it became an academic topic in HR Bowe"s "Social Responsibilities of the Business". Since then the contribution carried on through the work of Davis (1960, 1973) Johnson (1971), Jones (1980, 1983) and more recently Carroll (1991, 1999). (Carroll, 1979) suggested that businesses have to fulfill economic, legal, ethical, and philanthropic responsibilities in order to address its entire obligations to society. Economic responsibilities designate the obligations for businesses to be productive and profitable. Legal responsibilities refer to the framework of legal requirements which businesses need to meet while practicing economic duties.

(UNESCO 1991) indicates the role of higher education institutions is a topic that has to be studied separately and discussed deeply, in order to make a comparison between higher education and traditional corporate, the responsibility of the higher education institutions can be summarized as transferring the knowledge to the new generations by teaching, training and doing research; determining a balance between basic and applied research and between professional training and general education; meeting the priority needs of their respective societies. In terms of marketing, it seems as if Shell is more concerned with its socially responsible image than with selling its products. The fact that a major company likes Shell introduces a campaign like this is a clear indication that (corporate) social responsibility (CSR) has become a prominent issue in the field of marketing (Robin & Reidenbach, 1987; Sen & Bhattacharya, 2001).The globalization has inevitably embraced higher education industry and the higher education institutions started to experience significant shifts in recent years. Less than a generation ago academic institutions were allowed to act in a self-contained manner and thrive in an environment of predictable funding and student enrollment with little overt competition among institutions (Dill 2002, Goia and Thomas 1996).

No doubt these are difficult times for those who manage higher education institutions. In addition to a difficult global competitive environment, financial realities loom large alongside pressure to consider alternative structural and resource commitments to various knowledge areas (Gumport, 2000). In terms of corporate reputation, many companies use CSR initiatives to justify the grounds that they will improve the company's image, strengthen its brand, enliven morale, and even raise the value of its stock (Porter and Kramer 2006). A traditional corporation can easily and legitimately talk about the "customer". Yet to label the students as customers in higher education is nearly a sin. When students are turned into customers, it can destroy the core understanding of the education as well as the student-academic relation. Therefore higher education institutions may face a major change in their own values and norms while adapting the business-like approach, even if that is not an intended outcome (Stensaker, 2007). The message for the academia was clear: academia is not allowed to lock themselves up in their ivory towers anymore. Although that was the case still the academia enjoyed to be self contained, governing itself and focusing on knowledge activities that it determined largely for itself. Yet this was in the past century (Weymnas, 2010). In the current global market environment, the social pressures on businesses have increased and the concern for the CSR is not manifested only by academics but by the public and the shareholders as well (Popa, 2010). Growing interest in CSR has sparked new research and CSR is at the intersection area of the debates about globalization, competitiveness and sustainability. The prime goal of a company is to generate profits; companies can at the same time contribute to social and environmental objectives by integrating CSR as a strategic investment into their business strategy (Wissen, 2011).

3.1. Objectives

- To understand the need of corporate social responsibility towards education in India.
- To study the issues of in CSR activities conducted by Educational Institutes.
- To know the initiatives & strategies of CSR in education sector.

4. RESEARCH METHODOLOGY

Research based on secondary data hence exploratory in nature. The secondary data and information have been analyzed for preparing the paper extensively. The secondary information have been collected from different scholars and researchers published e-books, articles published in different journals, periodicals, conference paper, working paper and websites.

4.1. Need of Corporate Social Responsibility towards Education in India

Apart from the vast developments in India there is a darkest phase where children are being forced to work instead of going schools and receive education. Even with the enactment of RIGHT TO EDUCATION ACT 2009, which enforces free and compulsory education for children between 6-14 years, plenty of children are being deprived of education.

Every year numerous children get enrolled in government schools but only few of them complete the elementary education successfully. The reason is quality of education in government and government aided schools is deteriorated. They lack basic amenities, adequate infrastructure, adequate professional teachers, effective teaching aids and efficient school management etc. The drop out rate among the girls is greater than the boys. The main reason for drop out is the stagnation i.e children repeating same class again.

The other contributing reasons to this are Poverty, Unemployment, and discrimination on basis of caste, gender, race and other Social barriers. In case of higher education, the no. of aspirants is greater than the availability of the seats in universities. However plenty of private universities have been opened but the fees of such universities and colleges are very high that lower income group student cannot afford. The governments have limited resources to tackle these problems; therefore intervention of corporate sector in education is needed. Organizations goodwill, its public image is also enhanced by its social responsibility program. According to a survey, people tend to buy a product more if it is associated with any CSR program.

For example, ITC is known for donating a profit margin from any stationary items purchased by customer to the welfare of schools supported by it. They very well advertised it, and in return what they got is a boost in sales figure. Along with, public image resulting in boosted sales, this publicity also helps them in branding. This branding has various direct and indirect advantages. Attracting skilled and talented professionals to work for the organization is one of the indirect advantages.

4.2. Issues in Corporate Social Responsibility

Lack of Consensus on Implementing CSR Issues: This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between local implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time.

Issues of Transparency: Lack of transparency is one of the key issues brought forth by the survey. There is an expression by the companies that there exists lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds. This reported lack of transparency negatively impacts the process of trust building between companies and local communities.

Non-availability of Well Organized Non-governmental Organizations: It is also reported that there is non availability of well organized nongovernmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities.

Narrow Perception towards CSR Initiatives: Non-governmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more donor-driven than local in approach. As a result, they find it hard to decide whether they should participate in such activities at all.

Non-availability of Clear CSR Guidelines: There are no clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. It is found that the scale of CSR initiatives of companies should depend upon their business size and profile.

Social impact difficult to assess: The implementation of social business requires a decent social impact which can be proven to its investors, who sacrifice the chance of receiving dividends or seeking better return for the social causes that appeal to them.

The Shrinking Role of Government: In the past, governments have relied on legislation and regulation to deliver social and environmental objectives in the business sector. Shrinking government resources, coupled with a distrust of regulations, has led to the exploration of voluntary and non-regulatory initiatives instead.

Growing Investor Pressure: Investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns.

Lack of Community Participation in CSR Activities: It has been in society that lack of interest of the local community in participation and contribution to CSR activities of companies, exists little or no knowledge about CSR within the local communities as no serious efforts have been made to spread awareness and instill confidence in the local communities about CSR.

Extremely hard to commercialize: Turning schools to a marketplace sounds unrealistic- even today (when everything seems to be driven by a profit). The unique nature of education as a type of public goods means it requires high justice, administrative transparency, and careful planning on a broad scale. In order to ensure wide availability and justice of this service, its providers are not supposed to charge the consumer and beneficiary in a typical economic means.

Competitive Labor Markets: Employees are increasingly looking beyond paychecks and benefits, and seeking out employers whose philosophies and operating practices match their own principles.

5. CSR & EDUCATION- INITIATIVES & STRATEGIES

CSR in Education so far in India has mostly involved steps to promote education among local communities or society at large by building schools (built by a company free of cost or at a minimal cost to the company or society), scholarships (offered to underprivileged/meritorious students at various levels of education, for primary or higher studies), sponsorships (helping schools run efficiently by providing teaching aids, books, uniform, shoes, and bags), increasing access to education (supporting/building secondary schools in localities that do not have one; encouraging children to go to school by spreading awareness, helping or training teachers, providing infrastructure for the school; free transport facility), and higher education (setting up or supporting higher or technical education institutes like vocational training centers, engineering colleges, schools offering training in other fields such as management).

Other CSR practices for the education sector that are increasingly gaining popularity among specific industries include the promotion of computer illiteracy, establishment of gender equity by targeting girls from economically disadvantaged families for quality education, provision of toilets and maintenance of a clean and hygienic school environment, customization of programs designed to provide educational support to children with disabilities, provision of nourishment to students, psychological support to underprivileged students by providing motivational talks on leadership development, personality development, establishment of training institute for teachers, libraries for rural school education of slum children and night schools for uneducated adults for empowerment of illiterate public in surrounding villages, tribal areas.

Awareness programs have been a significant part of CSR initiatives by companies with programs organized to spread awareness among the communities and the society at large about the importance of education and critical issues such as child labor, girl child, etc which hinder access to education. Taking this step further, programs can target quality education as well as holistic development of underprivileged children in the rural parts of the country, designed to empower students to explore, question, reason and

communicate effectively. Moreover, companies can actively get involved in providing academic support to the public education system, specially govt. schools as the role of academic support is extremely crucial in the development of curriculum and materials, training of teachers, research based knowledge generation, assessment and evaluation, academic monitoring of schools.

One way to do this will be to adopt govt. schools as has been done by a private company recently in the Gautam Budh Nagar district of Noida, Uttar Pradesh. So far, 54 out of 470 schools in the district have been adopted by companies a part of their corporate social responsibility portfolio with the objective to provide quality education to the destitute children. With 80% of India's children studying in government schools, this is a commendable move towards ensuring quality education that can be replicated in other districts under the CSR mandate.

The virtualization of education in India, furthermore, has immense capacity to improve access to education of the down compressed people based at their hutments and enroll vast number of students. In a developing country like India marked by internal asymmetries, the potential of a digital India to spread education at all levels and to connect the people of different communities with diverse socio-cultural, linguistic, religious and ethnic background is enormous. Several companies can work on this together as this would entail massive investments and structured changes at various levels. Technology innovations can make it easy to distribute education contents to remote population, empowering them with knowledge that might change their life. Teachers can be trained in computers who can further educate students across the country to bridge the digital divide and supplement the overall development objectives

CSR can also be used to address the looming skill gaps in the country with nearly 90 million persons joining the workforce, but most of them lacking the requisite skills and the mindset for productive employment, or for generating incomes through self employment. Companies can make skill development a priority and train students in vocational schools to help them emerge as employable citizens and contribute towards community development.

As evident, companies can play a prominent role in innovating at the grass root level as such projects involve complicated administration and implementation which the corporate players are believed to be at a better position to understand through their high expertise in managerial processes. Shortage of financial support has always been a bottleneck for ensuring consistent access to education. However, mere involvement from a financial perspective to strengthen the education system in underprivileged areas is not enough. For instance, a corporate funding the setting up of a school in a village is not translating itself automatically into a CSR product; unless teachers are recruited, adequate infrastructure is provided and literary improves. Setting up a special purpose vehicle, a corporate foundation, instead to explore alternative social sector agenda can offer better opportunities for product and process innovations. Working in education sector requires specific skills and knowledge. Companies can share its most valuable resources by involving their top management to provide the operation know-how in such projects. Community volunteering, thus, can be one of the most sincere forms of CSR whereby companies can encourage its employee through internal communications to actively participate in their initiatives and contribute their skills. This will help inculcate corporate philanthropy. At the same time, students, schools and the general public will benefit from the experience and expertise that corporations bring to the table.

6. CSR MODELS FOR THE EDUCATION SECTOR

There are three models that have been adopted by different corporate time and again to carry out CSR activities in the field of education whereby the corporate has chosen to be a programme owner or a fund provider or an implementation partner:

- Corporate have conceptualized the initiative as well as implemented it on their own if not with a partner entity like a NGO
- Corporate have provided financial or material support to development initiatives in education run by NGOs, Govt. Institutions or other corporate

- Corporate have helped in designing and implementing development initiatives of third party initiatives of third party entities such as govt., other corporate and multilateral organizations.

The core strategy in all three models involves the following steps:

- Identification of the area of intervention/involvement and the scope of work
- Identification of the beneficiaries[Demographic Profile – location, sex, category, age, type of school supported)
- Identification of the sources of fund to create a sustainable model (internal, external, donor engagement model)
- Designing of an appropriate/dedicated team with the right organizational structure to run the initiative [Finalize organizational structure, Recruit key personnel, Recruit Local people/volunteers]
- Identification of Key Stakeholders for the programs
- Formulation of a strategic plan for the initiative [Defining objectives, Resource Mapping, Awareness Programmers, Trainings for internal/external/NGO members]
- Mechanism for Monitoring & Tracking Success [Financial Monitoring, Identification of KPOs, Impact Assessment at regular intervals, Internal Mechanisms to measure/report utilization of funds to the donors, Mechanisms/frequency of reporting to the donors involved, mechanisms for taking feedback from donors, Identification of templates/tools to be used to record report on initiatives]
- Ensuring sustainability and replicability of model

7. SUGGESTIONS

- CSR programmes should contribute a bulk of their resources to education.
- Investments in research spread of information and communication technology from school level onwards are the need of the hour.
- Collaborations between Government, educational institutions and corporate will accelerate educational reform and thus bring about the desired social development.

8. CONCLUSION

With the increased competition in education sector, the criteria on which institutions judged are changing. While what goes into judging a higher education institution might continue to change and evolve, the building blocks of success in any competitive environment remain constant such as developing a positive reputation and differentiating itself from the competition. Setting a corporate social responsibility strategy, and implementing the actions is one powerful way of achieving this goal. Most universities tend to focus only on teaching social responsibility in terms of corporate social responsibility initiatives and do not go beyond this by attempting to improve their communities). Yet in order to compete in the changing education industry and also to fulfill their mission in a world in perpetual transformation, education sector must recognize that their own actions should reflect the values and norms which they claim to embody. This means deepening their commitment to CSR at the operational level as well as the academic level, mostly by curricular activities. This will not only be beneficial to the institution itself but also will be beneficial to the society in general.

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